

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> city <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Nelson Township		County Kent
Audit Date March 31, 2005	Opinion Date June 9, 2005	Date Accountant Report Submitted to State: July 23, 2005		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

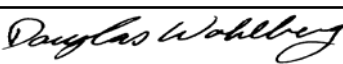
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Douglas Wohlberg CPA			
Street Address PO Box 1013	City Byron Center	State MI	ZIP 49315
Accountant Signature 			

# **Nelson Township**

**Kent County, Michigan**

## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Year Ended March 31, 2005**

# **Nelson Township**

**Kent County, Michigan**

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**March 31, 2005**

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## INDEPENDENT AUDITORS' REPORT

To the Board  
Nelson Township  
Kent County, Michigan

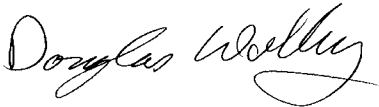
We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Nelson Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Nelson Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund and the aggregate remaining fund information of Nelson Township as of March 31, 2005, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nelson Township basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Byron Center, Michigan  
June 9, 2005

# Nelson Township

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The Township's combined net assets increased 8% from a year ago, increasing from \$862,295 to \$932,357. This results from minimizing expenditures in the General Fund.

In a condensed format, the table below shows a comparison of the net assets as of March 31, 2005 to the prior year:

		Governmental Activities	
		2005	2004
Current assets	\$	917,302	\$ 816,233
Noncurrent assets		53,401	59,195
Total assets		970,703	875,428
Other liabilities		10,392	13,133
Net assets			
Invested in capital assets - net of debt		53,401	59,195
Unrestricted		906,910	803,100
Total net assets	\$	960,311	\$ 862,295

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$98,016 for the governmental activities. This represents an increase approximately 12%. The current level of unrestricted net assets for our governmental activities stands at \$906,910, or about 191% of expenditures. This is within the targeted range set by the Township Board during its last budget process.

# Nelson Township

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows the changes of the net assets as of March 31, 2005 to the prior year:

	2005	2004
<b><u>Program revenues</u></b>		
Charges for services	\$ 114,182	\$ 100,939
<b><u>General Revenue</u></b>		
Property tax	177,668	167,838
State revenue	259,644	256,695
Unrestricted investment income	13,014	11,194
Franchise fees	153	145
Fines and forfeits	300	300
Special assessments	2,063	2,156
Miscellaneous	5,243	8,305
<b>Total Revenues</b>	<b>572,267</b>	<b>547,572</b>
<b><u>Program expenses</u></b>		
General government	201,441	220,038
Public safety	98,050	101,731
Public works	140,980	270,039
Community development	17,033	26,920
Recreation and culture	16,747	51,188
<b>Total expenses</b>	<b>474,251</b>	<b>669,916</b>
<b>Change in net assets</b>	<b>\$ 98,016</b>	<b>\$ (122,344)</b>

### **Governmental Activities**

There was no significant change in governmental activities from the previous year.

### **The Township's Funds**

Our analysis of the Township's major fund begins on page 11, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major fund for 2005 was the General Fund.

### **Capital Asset and Debt Administration**

At the end of 2005, the Township had \$70,814, net of accumulated depreciation, invested in land, building and equipment.

# **Nelson Township**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Economic Factors and Next Year's Budgets and Rates**

The Township's budget for 2006 remains little changed from 2005 because the Township has no long-term debt and expects to make no significant additions to its capital assets. During the year, the Township made a commitment to issue long-term debt to aid in the construction of a new Library building.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's Supervisor at the Nelson Township Hall, Two Maple Street, Sand Lake, Michigan, 49343. The Township's phone number is (616) 636-5332.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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# Nelson Township

Kent County, Michigan

## Statement of Net Assets

For the year ended March 31, 2005

	Governmental activities
<b><u>GOVERNMENTAL ASSETS</u></b>	
Cash and cash equivalents	\$ 857,747
Receivables (net)	55,773
Due from other funds	(10,321)
<b>TOTAL ASSETS</b>	<b>\$ 903,199</b>
<b><u>GOVERNMENTAL LIABILITIES</u></b>	
Accounts payable	\$ 1,064
Accrued and other liabilities	9,328
<b>TOTAL LIABILITIES</b>	<b>10,392</b>
<b><u>GOVERNMENTAL NET ASSETS</u></b>	
Invested in capital assets	53,401
Unrestricted	878,956
<b>TOTAL NET ASSETS</b>	<b>932,357</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 942,749</b>

The Notes to the Financial Statements are an integral part of this statement.

# Nelson Township

Kent County, Michigan

## Statement of Activities

For the year ended March 31, 2005

Functions/Programs	Expenses	Charges for services	Governmental activities
<b>PRIMARY GOVERNMENT EXPENSES</b>			
General government	\$ 195,647	\$ 44,869	\$ (150,778)
Public safety	98,050	69,313	(28,737)
Public works	140,980	-	(140,980)
Community and economic development	17,033	-	(17,033)
Recreation and culture	4,000	-	(4,000)
Total Governmental activities	\$ 455,710	\$ 114,182	(341,528)

### General Revenues

Property taxes	137,513
State-shared revenue	259,644
Unrestricted investment income	10,137
Franchise fees	153
Fines and forfeitures	300
Miscellaneous	3,843
Total general revenues - special items and transfers	411,590

Change in net assets	70,062
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Net assets at beginning of year	862,295
Net assets at end of year	\$ 932,357

The Notes to the Financial Statements are an integral part of this statement.

**Nelson Township**  
**Kent County, Michigan**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2005**

	General Fund	Nonmajor Funds	Total
<b><u>ASSETS</u></b>			
Cash	\$ 651,168	\$ 206,579	\$ 857,747
Taxes receivable	17,375	3,781	21,156
Accounts receivable	129	-	129
Due from other units of government	38,270	-	38,270
Due from other funds	-	10,321	10,321
<b>TOTAL ASSETS</b>	<b>\$ 706,942</b>	<b>\$ 220,681</b>	<b>\$ 927,623</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Accounts payable	\$ 1,064	\$ -	\$ 1,064
Due to other funds	10,321	-	10,321
Customer deposits payable	9,328	-	9,328
<b>TOTAL LIABILITIES</b>	<b>20,713</b>	<b>-</b>	<b>20,713</b>
<b><u>FUND BALANCES</u></b>			
Designated for			
Fire department	4,345	-	4,345
Roads	114,975	-	114,975
Library	150,000	-	150,000
White Pines Trail	5,000		5,000
Undesignated	411,909	220,681	632,590
<b>TOTAL FUND BALANCES</b>	<b>686,229</b>	<b>220,681</b>	<b>906,910</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 706,942</b>	<b>\$ 220,681</b>	<b>\$ 927,623</b>

The Notes to the Financial Statements are an integral part of this statement.

# **Nelson Township**

**Kent County, Michigan**

## **Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets**

**For the year ended March 31, 2005**

<hr/>		
Total fund balances - total governmental funds	\$	906,910
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital assets at cost		124,215
Accumulated depreciation		(70,814)
Net capital assets		53,401
<hr/>		
Net assets of governmental activities	\$	960,311
<hr/>		

The Notes to the Financial Statements are an integral part of this statement.

# Nelson Township

Kent County, Michigan

Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2005

	General Fund	Nonmajor Funds	Total
<b>REVENUE</b>			
Taxes	\$ 166,892	\$ 40,155	\$ 207,047
State grants	259,644	-	259,644
Licenses and permits	74,783	-	74,783
Fines and forfeitures	300	-	300
Charges for services	10,071	-	10,071
Interest and rents	10,137	2,876	13,013
Other revenue	3,946	-	3,946
Special assessments	-	2,063	2,063
Other	-	1,400	1,400
<b>TOTAL REVENUE</b>	<b>525,773</b>	<b>46,494</b>	<b>572,267</b>
<b>EXPENDITURES</b>			
General government	162,370	-	162,370
Public safety	98,050	-	98,050
Public works	138,149	2,831	140,980
Community and economic development	17,033	-	17,033
Recreation and culture	4,000	12,747	16,747
Other	33,277	-	33,277
<b>TOTAL EXPENDITURES</b>	<b>452,879</b>	<b>15,578</b>	<b>468,457</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>72,894</b>	<b>30,916</b>	<b>103,810</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>613,335</b>	<b>189,765</b>	<b>803,100</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 686,229</b>	<b>\$ 220,681</b>	<b>\$ 906,910</b>

The Notes to the Financial Statements are an integral part of this statement.

# **Nelson Township**

**Kent County, Michigan**

## **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the year ended March 31, 2005**

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>103,810</b>
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**Amounts reported for governmental activities in the statement of activities are different because:**

**Some expense reported in the statement of activities do not require the use of current financial  
resources and therefore are not reported as expenditures in governmental funds:**

<b>Depreciation</b>		<b>(5,794)</b>
<b>Change in net assets of government activities</b>	<b>\$</b>	<b>98,016</b>

**The Notes to the Financial Statements are an integral part of this statement.**

# **Nelson Township**

**Kent County, Michigan**

**Fiduciary Fund**

## **Statement of Net Assets**

**For the year ended March 31, 2005**

			<b>Agency Fund Type</b>	
<b>Cash</b>	<b>\$</b>	<b>1,636</b>		
<b>Due to other funds</b>	<b>\$</b>	<b>1,636</b>		

**The Notes to the Financial Statements are an integral part of this statement.**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**Nelson Township**  
**Kent County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2005

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Nelson Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Nelson Township:

**A. Reporting Entity**

Nelson Township is governed by an elected five member Board. The Township has no component units, entities for which the government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nelson Township has no proprietary funds. The Township has one fiduciary fund, the Tax Agency Fund.

**Nelson Township**  
**Kent County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2005**

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**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Nelson Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Nelson Township as of the preceding December 31st.

Although Nelson Township's 2004 ad valorem tax is levied and collectible on December 1, 2004, it is Nelson Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2004 taxable valuation of Nelson Township totaled \$99,739,837, on which ad valorem taxes levied consisted of the following:

	<u>Mills levied</u>	<u>Raising</u>
Operating	0.8860 \$	88,369
Fire Safety	0.4746	47,337
Library	0.4026	40,155

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

**Nelson Township**  
**Kent County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2005**

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Additionally, the government reports the following fund types:

**Special Revenue Funds**

The Library Fund accounts for penal fines and other revenue of the Library.

The Pine Lake Weed Fund accounts for special assessments used to remove weeds from the lake.

The Trust and agency fund accounts for property tax collected on behalf of the Township and other units.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

**D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments**--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables**--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**Capital Assets**--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

**Fund Equity**--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Nelson Township**  
**Kent County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2005**

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**NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the General Fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Nelson Township**  
**Kent County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2005**

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Nelson Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	Budget appropriation	Actual Expenditure
General Fund		
Board of review	\$ 600	\$ 717
Elections	4,805	5,325
Insurance	7,000	7,353
Other	200	2,214

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes Nelson Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Nelson Township Board has designated two banks and the Kent County Treasurer for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Nelson Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 857,747	\$ 1,636	\$ 859,383

The bank balance of the Township's deposits is \$863,152, of which \$200,000 is covered by federal depository insurance and \$663,152 is uninsured and uncollateralized.

**Nelson Township**  
**Kent County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2005

**NOTE 4 - RECEIVABLES**

Receivables as of year-end for the Township's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Library Fund	Pine Lake Weed Control Fund	Total
Taxes receivable	\$ 17,375	\$ 3,781	\$ -	\$ 21,156
Accounts	129	-	-	129
Intergovernmental	38,270	-	-	38,270
Due from other funds	-	9,871	450	10,321
Net Receivables	\$ 55,774	\$ 13,652	\$ 450	\$ 69,876

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	Balance April 1, 2004	Additions	Disposals	Balance March 31, 2005
<b>Governmental Activities</b>				
Assets not being depreciated	\$ 32,700	\$	\$	\$ 32,700
Capital assets being depreciated:				
Buildings	41,000			41,000
Equipment	50,515			50,515
Subtotal	91,515			91,515
Accumulated depreciation:				
Buildings	28,750	1,025		29,775
Equipment	36,270	4,769		41,039
Subtotal	65,020	5,794		70,814
Net capital assets being depreciated	26,495	(5,794)		20,701
Net capital assets	\$ 59,195	\$ (5,794)	\$	\$ 53,401

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 5,794

**Nelson Township**  
**Kent County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2005

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances resulting from distribution of property taxes are described in the following schedule.

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
Library Fund	General Fund	\$	9,871
Pine Lake Weed Control Fund	General Fund		450
Total		\$	10,321

**NOTE 7 - RISK MANAGEMENT**

Nelson Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Nelson Township has purchased commercial insurance for **all** claims and participates in the **Michigan Municipal Risk Management Authority** for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS**

The Township has no post-retirement benefit plans at this time.

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

**Defined Contribution Pension Plan**

Nelson Township provides pension benefits to certain employees through a defined contribution plan with Manulife. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Nelson Township contributes 20 percent of all Township Board members toward the purchase of individual annuities to provide retirement benefits, plus a contribution for Board members eligible for a past services retirement benefit. Contributions to the plan for the current year totaled \$12,075 based on a covered payroll of \$60,375. Total Township payroll was \$152,901. Retirement benefits are limited to the amount of annuities purchased on behalf of each employee.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Nelson Township**  
**Kent County, Michigan**

March 31, 2005

	2005	2004
<b>ASSETS</b>		
Cash	\$ 651,168	\$ 588,232
Taxes receivable	17,375	16,838
Accounts receivable	129	-
Due from other units of government	38,270	34,376
Due from other funds	-	766
<b>TOTAL ASSETS</b>	<b>\$ 706,942</b>	<b>\$ 640,212</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,064	\$ 11,594
Due to other funds	10,321	13,744
Payroll deductions payable	-	87
Customers deposits payable	9,328	1,452
<b>TOTAL LIABILITIES</b>	<b>20,713</b>	<b>26,877</b>
<b>FUND BALANCES</b>		
Designated		
Fire Department	4,345	-
Roads	114,975	129,188
Library	150,000	150,000
White Pines Trails	5,000	5,000
Undesignated fund balance	411,909	329,147
<b>TOTAL FUND EQUITY</b>	<b>686,229</b>	<b>613,335</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 706,942</b>	<b>\$ 640,212</b>

**Nelson Township**  
**Kent County, Michigan**

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
<b>REVENUES</b>					
Property Taxes					
Current real property taxes	\$ 161,300	\$ 161,300	\$ 166,223	\$ 4,923	\$ 152,985
Penalties and interest on taxes	-	-	669	669	651
<b>Total Property Taxes</b>	<b>161,300</b>	<b>161,300</b>	<b>166,892</b>	<b>5,592</b>	<b>153,636</b>
State Grants					
State revenue sharing	250,000	250,000	255,032	5,032	255,385
Other state grants	2,600	2,600	4,612	2,012	1,310
<b>Total State Grants</b>	<b>252,600</b>	<b>252,600</b>	<b>259,644</b>	<b>7,044</b>	<b>256,695</b>
Licenses and Permits					
Non-business licenses and permits	1,950	1,950	5,470	3,520	3,505
Business licenses and permits	55,300	55,300	69,313	14,013	65,319
<b>Total Licenses and Permits</b>	<b>57,250</b>	<b>57,250</b>	<b>74,783</b>	<b>17,533</b>	<b>68,824</b>
Fines and forfeitures	300	300	300	-	300
Charges for Services					
Services rendered	5,275	5,275	7,117	1,842	6,965
Sales	475	475	2,954	2,479	1,920
<b>Total Charges for Services</b>	<b>5,750</b>	<b>5,750</b>	<b>10,071</b>	<b>4,321</b>	<b>8,885</b>
Interest and Rentals					
Interest and dividends	10,000	10,000	10,137	137	9,288
Other Revenue					
Reimbursements	300	300	2,570	2,270	3,949
Other	375	375	1,376	1,001	3,045
<b>Total Other Revenue</b>	<b>675</b>	<b>675</b>	<b>3,946</b>	<b>3,271</b>	<b>6,994</b>
<b>TOTAL REVENUES</b>	<b>487,875</b>	<b>487,875</b>	<b>525,773</b>	<b>37,898</b>	<b>504,622</b>

# Nelson Township

## Kent County, Michigan

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
<b>EXPENDITURES</b>					
General government					
Township board	\$ 14,750	\$ 14,750	\$ 12,814	\$ 1,936	\$ 10,905
Supervisor	18,265	18,265	18,076	189	17,819
Clerk	18,790	18,790	18,474	316	18,722
Audit	4,500	4,500	4,500	-	4,100
Board of review	600	600	717	(117)	698
Treasurer	39,690	39,690	25,781	13,909	38,227
Assessor	28,460	28,485	28,085	400	26,850
Elections	3,200	4,805	5,325	(520)	762
Building and grounds	24,510	26,123	24,689	1,434	40,803
Attorney	20,000	20,000	15,241	4,759	21,679
Cemetery	7,725	8,668	8,668	-	6,535
<b>Total General government</b>	<b>180,490</b>	<b>184,676</b>	<b>162,370</b>	<b>22,306</b>	<b>187,100</b>
Public safety					
Fire department	48,776	48,776	48,776	-	52,004
Building inspection	45,350	49,324	49,274	50	49,727
<b>Total Public safety</b>	<b>94,126</b>	<b>98,100</b>	<b>98,050</b>	<b>50</b>	<b>101,731</b>

**Nelson Township**  
**Kent County, Michigan**

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
<b>Public works</b>					
Public works	\$ 123,000	\$ 131,287	\$ 129,993	\$ 1,294	\$ 259,381
Street lighting	1,500	1,500	990	510	1,489
Sanitation	6,000	7,869	7,166	703	8,394
<b>Total Public works</b>	<b>130,500</b>	<b>140,656</b>	<b>138,149</b>	<b>2,507</b>	<b>269,264</b>
<b>Community and economic development</b>					
Planning	13,650	13,650	2,516	11,134	12,708
Zoning	16,950	16,950	14,517	2,433	14,212
<b>Total Community and economic development</b>	<b>30,600</b>	<b>30,600</b>	<b>17,033</b>	<b>13,567</b>	<b>26,920</b>
<b>Recreation and culture</b>					
Parks and recreation	4,000	4,000	4,000	-	3,000
<b>Other governmental functions</b>					
Insurance	6,000	7,000	7,353	(353)	6,484
Retirement	13,000	13,000	12,075	925	11,826
Social security	13,650	13,650	11,635	2,015	12,065
Other	200	200	2,214	(2,014)	1,106
<b>Total Other governmental functions</b>	<b>32,850</b>	<b>33,850</b>	<b>33,277</b>	<b>573</b>	<b>31,481</b>
<b>TOTAL EXPENDITURES</b>	<b>472,566</b>	<b>491,882</b>	<b>452,879</b>	<b>39,003</b>	<b>619,496</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>15,309</b>	<b>(4,007)</b>	<b>72,894</b>	<b>76,901</b>	<b>(114,874)</b>
<b>Fund balance at beginning of year</b>	<b>613,335</b>	<b>613,335</b>	<b>613,335</b>	<b>-</b>	<b>728,209</b>
<b>Fund balance at end of year</b>	<b>\$ 628,644</b>	<b>\$ 609,328</b>	<b>\$ 686,229</b>	<b>\$ 76,901</b>	<b>\$ 613,335</b>

## OTHER SUPPLEMENTAL INFORMATION

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**Nelson Township**  
**Kent County, Michigan**  
**Nonmajor Funds**  
**Combined Balance Sheet**  
**March 31, 2005**

	Special Revenue Funds			
	Library Fund	Pine Lake Weed Control Fund		Total
<b><u>ASSETS</u></b>				
Cash	\$ 194,341	\$ 12,238	\$	206,579
Due from other funds	9,871	450		10,321
Taxes receivable	3,781	-		3,781
<b>TOTAL ASSETS</b>	<b>\$ 207,993</b>	<b>\$ 12,688</b>	<b>\$</b>	<b>220,681</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>FUND BALANCES</b>				
Unreserved	\$ 207,993	\$ 12,688	\$	220,681

# Nelson Township

Kent County, Michigan

## Nonmajor Funds

### Combined Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

March 31, 2005

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Library Fund</u>	<u>Pine Lake Weed Control Fund</u>	
<b><u>REVENUE</u></b>			
Property taxes	\$ 40,155	\$ -	\$ 40,155
Special assessments	-	2,063	2,063
Interest on investments	2,759	117	2,876
Other	1,400	-	1,400
<b>TOTAL REVENUE</b>	<b>44,314</b>	<b>2,180</b>	<b>46,494</b>
<b><u>EXPENDITURES</u></b>			
Library	12,747	-	12,747
Public works	-	2,831	2,831
<b>TOTAL EXPENDITURES</b>	<b>12,747</b>	<b>2,831</b>	<b>15,578</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>31,567</b>	<b>(651)</b>	<b>30,916</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>176,426</b>	<b>13,339</b>	<b>189,765</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 207,993</b>	<b>\$ 12,688</b>	<b>\$ 220,681</b>

# Nelson Township

Kent County, Michigan

General Fund

## Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for Nelson Township

	2005	2004
<b>REVENUES</b>		
Taxes and penalties		
Current property tax	\$ 137,513	\$ 130,350
Administration fee	29,379	23,286
<b>Total Taxes and penalties</b>	<b>166,892</b>	<b>153,636</b>
Licenses and permits		
Land division fees	850	950
Cable franchise fees	153	145
Building permits	41,234	33,142
Plumbing and mechanical permits	16,691	19,325
Electrical permits	11,485	12,554
Planning commission	2,600	1,965
Dog licenses	50	55
Zoning fees	1,720	385
<b>Total Licenses and permits</b>	<b>74,783</b>	<b>68,521</b>
Charges for services		
Cemetery	2,825	1,920
Fax charges	61	104
Miscellaneous	7,185	6,861
<b>Total Charges for services</b>	<b>10,071</b>	<b>8,885</b>
<b>State shared revenue</b>	<b>255,032</b>	<b>255,385</b>
Fines and forfeits	300	300
<b>Interest and rents</b>	<b>10,137</b>	<b>9,288</b>
Other revenue		
Rebates and refunds	2,570	3,947
Other revenue	1,376	3,350
Metro act	4,612	1,310
<b>Total Other revenue</b>	<b>8,558</b>	<b>8,607</b>
<b>TOTAL REVENUES</b>	<b>525,773</b>	<b>504,622</b>



# Nelson Township

Kent County, Michigan

General Fund

## Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for Nelson Township

	2005	2004
<b>EXPENDITURES</b>		
<b>Legislative</b>		
Salaries	\$ 2,656	\$ 2,400
Dues and membership	2,011	2,188
Supplies and materials	4,503	3,994
Printing and publishing	673	
Education	2,848	2,178
Other	123	145
<b>Total Legislative</b>	<b>12,814</b>	<b>10,905</b>
<b>General government</b>		
<b>Supervisor</b>		
Salaries	18,040	17,600
Education		184
Travel	36	35
<b>Total Supervisor</b>	<b>18,076</b>	<b>17,819</b>
<b>Elections</b>		
Salaries	3,484	
Supplies and materials	1,841	762
<b>Total Elections</b>	<b>5,325</b>	<b>762</b>
<b>Assessor</b>		
Salaries	28,085	26,850
<b>Legal and audit</b>		
Audit	4,500	4,100
Legal	15,241	21,679
<b>Total Legal and audit</b>	<b>19,741</b>	<b>25,779</b>
<b>Clerk</b>		
Salaries	18,040	17,640
Dues and membership	15	110
Education	49	700
Travel	370	272
<b>Total Clerk</b>	<b>18,474</b>	<b>18,722</b>

# Nelson Township

Kent County, Michigan

General Fund

## Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for Nelson Township

	2005	2004
Board of review		
Salaries	\$ 675	\$ 636
Other	42	62
<b>Total Board of review</b>	<b>717</b>	<b>698</b>
 Treasurer		
Salaries	21,542	20,897
Supplies and materials	2,725	7,867
Contractual services	1,136	8,973
Travel	378	490
<b>Total Treasurer</b>	<b>25,781</b>	<b>38,227</b>
 Township Hall		
Salaries	6,167	4,617
Computer software and maintenance	4,900	4,325
Supplies and materials	655	685
Printing and publishing	2,967	2,743
Utilities	3,449	14,315
Maintenance and repair	4,581	2,545
Capital outlay	1,970	11,573
<b>Total Township Hall</b>	<b>24,689</b>	<b>40,803</b>
 Cemetery		
Supplies and materials		
Contractual services	4,799	1,399
Maintenance and repair	3,869	5,070
Capital outlay		66
<b>Total Cemetery</b>	<b>8,668</b>	<b>6,535</b>
 <b>Total General government</b>	<b>149,556</b>	<b>176,195</b>

# Nelson Township

Kent County, Michigan

General Fund

## Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for Nelson Township

	2005	2004
<b>Public safety</b>		
Fire protection		
Cedar Springs	\$ 19,871	\$ 20,883
Village of Sand Lake	21,405	23,621
Spencer Township	7,500	7,500
<b>Total Fire protection</b>	<b>48,776</b>	<b>52,004</b>
 Inspections		
Building inspector salaries	15,000	13,855
Electrical inspector salaries	12,060	13,470
Plumbing and mechanical inspector salaries	10,290	10,950
Draft permit salaries	6,170	6,560
Dues and membership	2,421	1,946
Supplies and materials	150	263
Travel	3,183	2,683
<b>Total Inspections</b>	<b>49,274</b>	<b>49,727</b>
 <b>Total Public safety</b>	<b>98,050</b>	<b>101,731</b>

# Nelson Township

Kent County, Michigan

General Fund

## Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for Nelson Township

	2005	2004
<b>Public works</b>		
Drains at large		
Contractual services	\$ 3,163	\$ 3,538
Highways, streets and bridges		
Road maintenance	25,000	29,602
Capital outlay	85,079	208,374
Dust layer	16,751	17,867
<b>Total Highways, streets and bridges</b>	<b>126,830</b>	<b>255,843</b>
Street lighting		
Utilities	990	1,489
Sanitation		
Contractual services	7,166	8,394
<b>Total Public works</b>	<b>138,149</b>	<b>269,264</b>
<b>Community and economic development</b>		
Zoning		
Salaries	14,277	13,713
Mileage	240	499
<b>Total Zoning</b>	<b>14,517</b>	<b>14,212</b>
Planning Commission		
Planning Commission salaries	2,110	3,090
Professional services	406	9,618
<b>Total Planning Commission</b>	<b>2,516</b>	<b>12,708</b>
<b>Total Community and economic development</b>	<b>17,033</b>	<b>26,920</b>

# Nelson Township

Kent County, Michigan

General Fund

## Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for Nelson Township

	2005	2004
<b>Recreation and culture</b>		
Recreation and parks department		
Contractual services	\$ 4,000	\$ 3,000
<b>Total Parks and recreation</b>	<b>4,000</b>	<b>3,000</b>
<b>Other</b>		
Payroll taxes	11,635	12,065
Retirement	12,075	11,826
Insurance	7,353	6,484
Other	2,214	1,106
<b>Total Other</b>	<b>33,277</b>	<b>31,481</b>
<b>TOTAL EXPENDITURES</b>	<b>452,879</b>	<b>619,496</b>
Excess (deficiency) of revenues over expenditures	72,894	(114,874)
<b>Fund balance at beginning of year</b>	<b>613,335</b>	<b>728,209</b>
<b>Fund balance at end of year</b>	<b>\$ 686,229</b>	<b>\$ 613,335</b>

## AUDITORS' REPORTS

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## COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board  
Nelson Township  
Kent County, Michigan

We have audited the general purpose financial statements of Nelson Township, Kent County, Michigan for the year ended March 31, 2005, and have issued our report thereon dated June 9, 2005. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 6, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Nelson Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

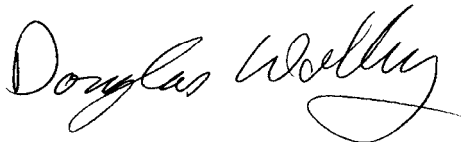
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Nelson Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Nelson Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2005. We noted no transactions entered into by Nelson Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board and management of Nelson Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA  
Byron Center, Michigan  
June 9, 2005

## MANAGEMENT COMMENTS LETTER

To the Board  
Nelson Township  
Kent County, Michigan

In planning and performing our audit of the financial statements of Nelson Township for the year ended March 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

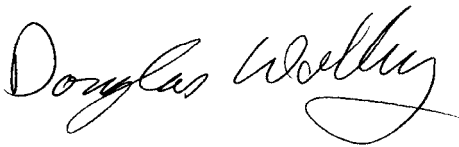
Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Nelson Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2005 financial statements, and this report does not affect our report on those financial statements dated June 9, 2005. We have not considered the internal control since the date of our report.



Douglas Wohlberg, CPA  
Byron Center, Michigan  
June 9, 2005



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board  
Nelson Township  
Kent County, Michigan

We have audited the general purpose financial statements of Nelson Township, Kent County, Michigan as of and for the year ended March 31, 2005, and have issued our report thereon dated June 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

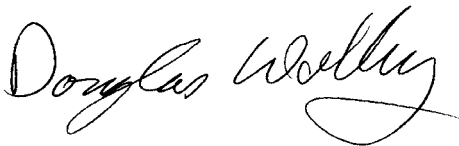
**Compliance**

As part of obtaining reasonable assurance about whether Nelson Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Nelson Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA  
Byron Center, Michigan  
June 9, 2005